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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/259,619	03/01/1999	TIMOTHY LABADIE	210655.90018	5502
26710	7590	12/16/2004	EXAMINER	
QUARLES & BRADY LLP 411 E. WISCONSIN AVENUE SUITE 2040 MILWAUKEE, WI 53202-4497			COLBERT, ELLA	
		ART UNIT		PAPER NUMBER
				3624

DATE MAILED: 12/16/2004

Please find below and/or attached an Office communication concerning this application or proceeding.

Office Action Summary	Application No.	Applicant(s)	JW
	09/259,619 Examiner Ella Colbert	LABADIE ET AL. Art Unit 3624	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --
Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

1) Responsive to communication(s) filed on 01 June 2004.
 2a) This action is FINAL. 2b) This action is non-final.
 3) Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

4) Claim(s) 1-4,8-11,13,14 and 16 is/are pending in the application.
 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
 5) Claim(s) _____ is/are allowed.
 6) Claim(s) 1-4,8-11,13,14 and 16 is/are rejected.
 7) Claim(s) _____ is/are objected to.
 8) Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

9) The specification is objected to by the Examiner.
 10) The drawing(s) filed on _____ is/are: a) accepted or b) objected to by the Examiner.
 Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
 Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
 11) The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

12) Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
 a) All b) Some * c) None of:
 1. Certified copies of the priority documents have been received.
 2. Certified copies of the priority documents have been received in Application No. _____.
 3. Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892)	4) <input type="checkbox"/> Interview Summary (PTO-413) Paper No(s)/Mail Date. _____.
2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948)	5) <input type="checkbox"/> Notice of Informal Patent Application (PTO-152)
3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08) Paper No(s)/Mail Date _____.	6) <input type="checkbox"/> Other: _____.

DETAILED ACTION

1. Claims 1-4, 8-11, 13, 14, and 16 are pending. Claims 1-4, 8-11, 13, 14, and 16 have been amended in this communication filed 06/01/04 entered as Response to Non-Responsive Amendment.
2. The RCE with amendment filed 11/12/03 has been entered.

Continued Examination Under 37 CFR 1.114

3. A request for continued examination under 37 CFR 1.114, including the fee set forth in 37 CFR 1.17(e), was filed in this application after final rejection. Since this application is eligible for continued examination under 37 CFR 1.114, and the fee set forth in 37 CFR 1.17(e) has been timely paid, the finality of the previous Office action has been withdrawn pursuant to 37 CFR 1.114. Applicant's submission filed on 11/12/03 and 05/18/04 has been entered.

Claim Rejections - 35 USC § 112

4. The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.
5. Claim 1 is rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention. Claim 1 recites "... to communicate with the Internet to create an Internet site listing products for sale to the public and indicating an option for payment for the products by check drawn on funds held by a third party bank independent of the merchant: ..., the processor computer further including a data structure matching the customer identifier to at least one statistical element indicating

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without communication with the third party bank, ...". It is unclear what Applicant is trying to say. Does Applicant mean "... to communicate with the Internet to create an Internet site listing products for sale to the public and indicating an option for payment for the products by a check drawn on funds held by a third party bank independent of the merchant ..., the processor computer further including a data structure matching the customer identifier to at least one statistical element without communicating with the third party bank, ..."?

Claim Rejections - 35 USC § 103

6. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

7. Claims 1-4, 6-7, 10-11, 13-14, and 16 are rejected under 35 U.S.C. 103(a) as being unpatentable over, Barnes et al, hereafter Barnes, US Patent No. 5,970,475, in view of Elgamal, US Patent No. 6,138,107.

8. Per independent claim 1; Barnes discloses a check transport system comprising: a merchant computer executing a stored program to communicate with the Internet to create an Internet site (via a catalogue -- column 6, lines 6-32) listing products for sale

to the public and indicating an option for payment for the products by check drawn on funds held by a third party bank independent of the merchant; ("Bank"-FIG. 1); an anonymous customer computer independent from the merchant computer, and executing a stored program for communicating with the merchant computer over the Internet to identify the product desired to be purchased and to select the check payment option, the computer further transmitting at least one unique customer identifier ("The debtor's name, address, telephone number, description of the debt, and the amount are typically already known to the collection agent) from a customer over the Internet. In the case of use of this system for mail or telephone orders of goods and services, this information will be obtained by the person receiving the order and entered into the system"-column 8, lines 47-65); and a processor computer independent from the customer computer programmed to receive at least one customer identifier in response to a selection of the payment by check option ("entered into the system"-column 8, line 36-47), the processor computer further including a data structure matching the customer identifier to at least one statistical element indicating without communication with the third party bank, a probability of a payment obligation by the customer being honored ("Security Layers" are used in both the buyer and supplier systems to provide authorization and encryption/decryption of critical communications" –indicating the method of payment would be secure). This information will be particularly useful in cases where the present system is used as a payment mechanism for mail or telephone orders. Barnes lacks, however, an explicit illustration of ordering online, it is directed principally to a procurement system and supplier system. However it does explicitly

suggest embodying networking technologies ("internet, levels of security, a customer or purchaser system, customer server, supplier Web catalog server, order processing system, and an ACH Gateway..."-column 7, line 1-col. 8, line 12). Elgamal demonstrates: an Internet-based payment validation system comprising a merchant computer and a customer computer ("fig. 3-column 11, line 64-col. 12, line 10.

1 C); programmed to communicate with the Internet to create an Internet site listing A product for sale (the system allows a customer to purchase merchandise without having to disclose the account number to the merchant) and indicating a option to pay by check ("payments from merchants to customers without burdening the banks ... such as credit card numbers") from funds held by a third party (inherent in col. 2, lines 54-65); a customer computer programmed to communicate on the Internet and to communicate with the merchant computer (element 40--FIG. 1 ; consumer desktop 30--FIG. 1) to identify the product desired ("select the items to be purchased"-col. 6, lines 42-47) to be purchased and to select the check payment option ("means of payment has been selected"—col. 6, line 53-col. 7, line 11). It would have been obvious to a Person Having Ordinary Skill In the Art at the time of the invention, i.e., PHOSITA, to combine the online ordering system of Barnes with the secure courier system of Elgamal, by accepting the information required to process Elgamal's check online in a mail ordering system such as disclosed in Barnes, in order to improve access to mail order goods and services for those who do not have a credit card. Further motivation to combine would have been in order to reach a wider customer base, e.g., Internet users. Further motivation to combine would have resulted from the observation that both Barnes and

Elgamal as relied upon were directed to the same technical field of endeavor, i.e., paying for mail order-goods and services. Further motivation to combine would have resulted from the inherent analogy between telephone and internet ordering, i.e., Internet retailing would have been recognized at least in part as analogous to the catalogue retailing business, and thus similar methods would have been recognized as desirable to port Internet e-cataloguing because the online ordering of Barnes, for example, would have been an electronic (automated) counterpart to prior-art printed catalogues.

9. Per dependent claim 2, Barnes and Elgamal disclose all elements as applied in the rejection of independent claim 1, supra. Barnes further discloses: a statistical element selected from a group consisting of a total price of the identified product, the price and timing of previous purchases of other products using the unique customer identifier, the type of identified product and the occurrence of any dishonored payment associated with the previous transactions using the customer identifier (col.8, lines 36-47). It is noted that this is a Markush claim which requires only one of the recited elements. --One acceptable form of an alterative expression is commonly referred to as a Markush group, recites members as being 'selected from a group consisting of A, B, and C--See Ex pane Markush, 1925 C.D. 126 (Comm'r Pat. 1925).

10. Per dependent claim 3, Barnes and Elgamal demonstrates all elements as applied in the rejection of independent claim 1, supra. Barnes further discloses:
(1) an indication of not authorized, indicating that the acceptance of a check is not advised ("all functional components have potential requirements for error handling"), (3)

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an indication of authorized with a guarantee indicating that the amount of the check will be guaranteed (col. 9, lines 49-65). Per (2), Barnes fails to explicitly recite authorizing a check without guarantee, however this is implied, since a payment is explicitly done to provide "determining whether sufficient funds are available"-column 12, lines 57-64). "In considering the disclosure of a reference, it is proper to take into account... the inferences which one skilled in the art would be reasonably expected to draw therefrom"-*In re Prada*, 401 F.2d 825, 159 USPQ 342, 344 (CCPA1968) cited in MPEP 2144.01. Further, Barnes explicitly discloses accepting a payment instrument based on the payment clearance and settlement system –col. 8, lines 48-64). It would have been obvious to PHOSITA at the time of the invention to include an indication of no guarantee, but availability of funds and subject to the merchant's discretion in Barnes and Elgamal, because it is implied by the disclosure of Barnes, and in order to help a merchant to make an informed decision to accept a check even if a guarantee is not available. Further motivation to do this would have been in order to allow a merchant to accept a minimal risk when the risk was low, e.g., for small sum transactions, and in order to allow a merchant to make a decision on additional information, e.g., a personal relationship with the buyer, when the buyer had no history of passing bad checks.

11. Per dependent claim 4, Barnes and Elgamal demonstrates all elements as applied in the rejection of independent claim 1, supra. Barnes further implies: "printing of the check" (issues invoices and payments-column 8, lines 48-64).

12. Per dependent claim 6, Barnes and Elgamal demonstrates all elements as applied in the rejection on independent claim 1, supra. Barnes further discloses a phone

-column 3, line 52-66), and bank server (column 3, lines 66 –col. 4, line 4). It is noted that this is a Markush claim which requires only one of the recited elements. --One acceptable form of an alterative expression is commonly referred to as a Markush group, recites members as being selected from a group consisting of A, B, and C--See Ex parte Markush, 1925 C.D. 126 (Comm'r Pat. 1925).

13. Per dependent claim 7, Barnes and Elgamal demonstrates all elements as applied in the rejection of independent claim 1, supra. Barnes further discloses obtaining a bank outing code and providing the customer with a portion of the unique identifier (col. 6, lines 13-31). Examiner's note: at minimum the check is returned to the customer.

14. Per dependent claim 10, Barnes demonstrates all elements as applied in the rejection of independent claim 1, supra. Barnes further discloses "statistical elements based on the occurrence of previously dishonored payments (column 6, lines 54-65).

15. Per dependent claim 11, "Official Notice" is hereby taken that it notoriously well known to present a drivers license number as identification when cashing a check. It would have been obvious to PHOSITA at the time of the invention to include a driver's license number in the system of Barnes and Elgamal in order to further verify the identity of the buyer, and in order to increase chances of collecting a bad check.

16. Per dependent claim 13, Barnes further discloses "EDI messages"-column 20, line 56-67) It is noted that this is a Markush claim which requires only one of the recited elements. --One acceptable form of an alterative expression is commonly referred to as

a Markush group, recites members as being `selected from a group consisting of A, B, and C--See Ex parte Markush, 1925 C.D. 126 (Comm'r Pat. 1925).

17. Per dependent claim 14, Barnes further discloses matching the customer identifier to the bank name, customer name and bank routing information; "periodic payments"-column 8, lines 12-27).

18. Per dependent claim 16, Barnes did not teach, wherein the processor computer transmits the authorization indication contemporaneously with the selection of the check payment option. Elgamal discloses, wherein the processor computer transmits the authorization indication contemporaneously with the selection of the check payment option (col. 5, lines 44-47). It would have been obvious to one having ordinary skill in the art at the time the invention was made to have the processor computer transmit the authorization indication contemporaneously with the selection of the check payment option and to modify in Barnes because such a modification would allow Barnes to have a choice of payment instruments such as an electronic check, a debit card, a credit card, a micro-payment, an electronic coin, or a smart card based on a personal preference.

19. Claims 8-9 are rejected under 35 U.S.C. 103(a) as being unpatentable over Barnes, US Patent No. 5,970,475 in view of Elgamal, US Patent No. 6,138,107 and further in view of Templeton et al., US Patent No. 5,679,940.

20. Per dependent claim 8, Barnes and Elgamal et al fails to wherein the statistical element is based on a total price of the identified product.

Templeton teaches that transactions that do not involve a lot of money are low risk transactions. It further teaches using this as a criteria for evaluating risk in accepting checks ("in the case of low risk transactions, which typically involve checks written for small amounts of money, the risk of loss may not justify the delay and communications costs associated with obtaining an on-line authorization indicia from the authorization host computer. Accordingly, a merchant may be able to reduce the costs and inconvenience by not requesting authorization indicia from the check acceptance service if a check is below a predetermined amount, or floor limit. In such cases, some check acceptance services provide check guarantee and require only that the merchant keep a log of the accepted checks that fall below the floor limit. "--col. 2, lines 30-41"). It would therefore have been obvious to PHOSITA at the time of the invention to employ total price as a risk factor in the invention of Barnes and Elgamal because as it was taught by Templeton, low price transactions were low risk, and thus transaction amount would have been a good indication of risk involved in a check transaction of Barnes.

21. Per dependent claim 9, Barnes and Elgamal lacks a teaching of evaluation transaction risk via price and timing. Templeton teaches price (col. 2, lines 30-42) and timing col. 13, lines 35-67. It would have been obvious to PHOSITA at the time of the invention to use price and timing as evaluation criteria for e-check risk in Barnes, because Barnes teaches risk in payment transaction; and Templeton teaches that these factors provided a good predictive model for echeck transactions, and therefore it would have been obvious to PHOSITA at the time of the invention to employ timing of previous transaction in the risk evaluation method of the combined device, e.g., by using these

factors to make a decision on guaranteeing the check, in order to increase the accuracy of risk prediction of Barnes and Elgamal.

Conclusion

22. The prior art made of record and not relied upon is considered pertinent to applicant's disclosure.

Kolling et al (US 5,963,925) disclosed an electronic bill payment system.

Inquiries

23. Any inquiry concerning this communication or earlier communications from the examiner should be directed to Ella Colbert whose telephone number is 703-308-7064. The examiner can normally be reached on Monday-Thursday.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Vincent Millin can be reached on 703-308-1038. The fax phone number for the organization where this application or proceeding is assigned is 703-872-9306.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR.

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Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).



E. Colbert
December 11, 2004